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E.O. 12958: DECL: 10/02/2018  
TAGS: [ECON](#) [EAGR](#) [EINV](#) [ETRD](#) [WTO](#) [RS](#)  
SUBJECT: NABIULLINA: DE-POLITICIZE WTO ACCESSION

REF: MOSCOW 2825

Classified By: Ambassador John R. Beyrle for reasons 1.4 (b, d)

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SUMMARY  
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¶1. (C) In a 1 October meeting with the Ambassador, Economic Development Minister Elvira Nabiullina said WTO accession was still a GOR priority and urged that the process move forward in a &depoliticized manner. The Ambassador responded that the U.S. still supported accession as a strategic goal, but that political tensions had reduced the space for needed compromises. He added recent GOR actions such as reopening bilateral agreements and delisting U.S. meat plants had raised questions about Russia's commitment to accession. Nabiullina said reopening agreements was not inconsistent with WTO accession and underscored that the GOR would not make unilateral changes to agreements. In that regard, she promised to address the 16 September VPSS letter. Conceding the global financial crisis would likely impede Russian economic growth, Nabiullina contended that Russia remained an attractive investment destination. She argued that Russia was currently underinvested and that planned public investments in infrastructure, health care, and education would lead to balanced future growth. End summary.

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WTO  
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¶2. (C) Nabiullina confirmed that Russia still considered WTO accession a priority. Russia's WTO accession would be in everyone's best interest. She said, however, that the GOR was very disappointed by the lack of progress in its bid for accession. From Russia's perspective the problem was that the process had become conflated with politics; it needed to be "depoliticized." Chief WTO Negotiator Maksim Medvedkov, who was also present, reported that requisite legislative amendments were progressing, albeit slowly, and only fifteen issues remained to be addressed in the working group. He added that the GOR hoped for progress in the next Geneva session, in early November.

¶3. (C) The Ambassador responded that the U.S. still strongly supported Russia's WTO accession and had done more than any other country over the past two years to speed the process. We were also disappointed that accession had slowed.

However, while there were few substantive issues remaining to be resolved, they would require compromise to resolve and the political situation, especially the Georgia conflict, inevitably reduced the room for compromise.

¶4. (C) Moreover, the Ambassador added, Russia's trade partners, including the U.S., were concerned about Russia's decision to reopen bilateral commitments made in the course of the negotiations. In particular, the letter from the Veterinary Service (VPSS) had sent a signal that Russia would act unilaterally and was no longer committed to accession. With respect to the VPSS letter, he said, the USG expected Russia to continue authorizing U.S. meat processing plants until such time as a mutual decision to change the terms of our bilateral agreements might be reached.

¶5. (C) Nabiullina responded that the GOR's request for consultations to change the terms of the Meat Agreement was not inconsistent with the GOR's desire for rapid WTO accession and that Russia had no intention of acting unilaterally. The U.S.- Russia bilateral agreement and side letters did allow for negotiated changes. She had written to USTR Schwab proposing consultations on the 2005 Meat Agreement and was awaiting a response. (NB: Subsequent to this meeting, USTR's letter committing to consultations on 8-9 October was received and delivered to GOR.) With respect to the VPSS letter, Nabiullina promised that it would be "addressed".

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Russian Economic Growth  
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¶6. (C) Nabiullina noted increasing Russian concerns about the global financial crisis and inquired about the status of the proposed U.S. rescue bailout plan. The Ambassador responded that the on-going public and Congressional debate in the U.S. would give the plan more legitimacy when adopted. The Administration expected Congress to reconsider the Paulson Plan this week, with another vote before the end of the week. We expected the plan to pass and to stabilize the U.S. financial system.

¶7. (C) Nabiullina acknowledged that Russia was also going through a difficult financial crisis. Liquidity had become a particular problem, and the lack of stability in the markets was worrisome and was having an effect on the broader economy. The official prognosis for 2008 economic growth would remain at 7.8 percent, but the outlook for 2009 was more doubtful, with growth potentially falling to 5.5 percent.

¶8. (C ) Nabiullina said that Russia remained, however, an attractive place to invest, for both Russians and foreigners. She said the Russian economy remained very open and that the GOR's proposed public investment strategy, which targeted infrastructure, health care, and education would provide for even, balanced future growth.

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Comment  
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¶9. (C) Nabiullina is not the same force within the government as was her predecessor, German Gref. That said, she is one of a handful of key economic advisors to the "tandemocracy" and is firmly in the camp of those economic liberals who favor faster growth and faster reforms. She is also a strong advocate for Russia's global integration, including WTO accession, and can be expected to oppose the lurch toward protectionism advocated by the Agriculture Ministry and others within the GOR.

BEYRLE